



The Strand Theatre of Shreveport Corporation

Financial Statements
Years Ended May 31, 2023 and 2022

The Strand Theatre of Shreveport Corporation

Contents

Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statements	
Statements of Financial Position	8
Statements of Activities	9
Statements of Functional Expenses	10
Statements of Cash Flows	11
Summary of Accounting Policies	12-18
Notes to Financial Statements	19-28
Supplementary Information	
Schedule of Compensation, Benefits and Other Payments to Agency Head	30
Summary of Audit Results and Findings	31
Status of Prior Year Findings	32



8585 Business Park Drive
Shreveport, Louisiana 71105
Phone: 318.219.5020
Fax: 318.798.1917
info@jkmcpas.biz

Independent Auditor's Report

The Board of Directors
The Strand Theatre of Shreveport Corporation
Shreveport, Louisiana

Opinion

I have audited the accompanying financial statements of The Strand Theatre of Shreveport Corporation (a nonprofit organization) which comprise the Statements of Financial Position for the years ended May 31, 2023 and 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and summary of significant accounting policies and the related notes to financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Strand Theatre of Shreveport Corporation as of May 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The Strand Theatre of Shreveport Corporation and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Strand Theatre of Shreveport Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Strand Theatre of Shreveport Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Strand Theatre of Shreveport Corporation's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 30, 2023 on my consideration of The Strand Theatre Corporation of Shreveport's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Certified Public Accountant

Shreveport, Louisiana
October 30, 2023

**Independent Auditor's Report on Internal
Control Over Financial Reporting
and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Board of Directors
The Strand Theatre of Shreveport Corporation
Shreveport, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of The Strand Theatre Shreveport Corporation (“The Organization”) as of and for the year ended May 31, 2023, and the related summary of accounting policies and notes to financial statements and have issued my report thereon dated October 30, 2023.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered The Organization’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Organization’s internal control. Accordingly, I do not express an opinion on the effectiveness of The Organization’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any weaknesses in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance

As part of obtaining reasonable assurance about whether The Organization's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant

Shreveport, Louisiana
October 30, 2023

The Strand Theatre of Shreveport Corporation

Statements of Financial Position

<i>May 31,</i>	2023	2022
Assets		
Current assets:		
Cash and cash equivalents (Note 1)	\$459,248	\$1,376,755
Grants receivable	25,558	-
Other receivables	1,598	-
Inventory	11,676	4,893
Prepaid expenses	23,510	13,006
Total current assets	521,590	1,394,654
Investments (Note 20)	599,576	-
Finance lease right of use asset (Note 5)	-	1,327
Property and equipment (Notes 2 and 13)	2,883,732	2,974,422
Work of art (Note 12)	106,400	106,400
Strand Building Fund (Note 11)	239,500	250,654
	\$4,350,798	\$4,727,457
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 45,246	\$ 11,146
Accrued expenses	35,270	42,794
Contract liabilities (Note 14)	138,923	287,778
Refundable advances (Note 15)	36,000	11,400
Lease liability, current portion (Note 5)	-	1,327
Total current liabilities	255,439	354,445
Long-term debt	150,000	150,000
Total liabilities	405,439	504,445
Net assets:		
Without donor restrictions	3,155,859	3,422,358
With donor restrictions (Note 9)	789,500	800,654
Total net assets	3,945,359	4,223,012
	\$4,350,798	\$4,727,457

See accompanying summary of accounting policies and notes to financial statements.

The Strand Theatre of Shreveport Corporation

Statements of Activities

<i>Years Ended May 31,</i>	2023	2022
Changes in net assets without donor restrictions:		
Support and revenues:		
Theatre rental and other income	\$ 536,592	\$ 370,329
Ticket sales	382,163	321,399
Fundraising and contributions	300,347	274,578
Business sponsorships	80,224	111,850
Governmental grants (Note 17)	74,905	719,246
Other grant income	40,557	45,126
Program advertising	1,000	3,012
Net assets released from restriction	9,778	9,434
Total support and revenues	1,425,566	1,854,974
Expenses:		
Theatrical program	1,319,587	913,477
Management and general	312,542	272,812
Fundraising	59,936	85,939
Total expenses	1,692,065	1,272,228
Increase (decrease) in net assets without donor restrictions	(266,499)	582,746
Change in net assets with donor restrictions		
Net earnings (loss) on Strand Building Fund (Note 11)	(1,376)	(3,326)
Net assets released from restriction	(9,778)	(9,434)
Increase (decrease) in net assets with donor restrictions	(11,154)	(12,760)
Increase (decrease) in net assets	(277,653)	569,986
Net assets – beginning of year	4,223,012	3,653,026
Net assets – end of year	\$3,945,359	\$4,223,012

See accompanying summary of accounting policies and notes to financial statements.

Year Ended May 31,

2023

	Program Activity		Supporting Activities		Total
	Theatrical Program	Management and General Program	Fundraising Program		
Advertising	\$ 58,024	\$ -	\$ -	\$ 58,024	
Artist fees	181,500	-	-	181,500	
Box office	36,512	-	-	36,512	
Conference and travel	-	6,538	-	6,538	
Credit card fees	81,212	-	-	81,212	
Depreciation and amortization	220,695	-	-	220,695	
Dues and subscriptions	-	3,358	-	3,358	
Insurance	97,539	-	-	97,539	
Interest	-	4,569	-	4,569	
Janitorial expense	33,357	4,859	-	38,216	
Miscellaneous	-	10,024	820	10,844	
Occupancy expense	116,282	-	-	116,282	
Office supplies and equipment	-	14,241	-	14,241	
Payroll taxes and benefits	23,540	38,789	16,475	78,804	
Postage	-	2,819	-	2,819	
Printing	-	-	-	-	
Production costs	83,285	-	-	83,285	
Professional fees	-	21,507	-	21,507	
Salaries and wages	136,086	196,177	42,641	374,904	
Security	31,985	-	-	31,985	
Stage labor	219,570	-	-	219,570	
Telephone	-	9,661	-	9,661	
Theatre supplies	-	-	-	-	
Total expenses	\$1,319,587	\$312,542	\$59,936	\$1,692,065	

The Strand Theatre of Shreveport Corporation

Statements of Functional Expenses

Year Ended May 31,

2022

	Program Activity	Supporting Activities		
	Theatrical Program	Management and General Program	Fundraising Program	Total
	\$ 51,008	\$ -	\$ -	\$ 51,008
	205,639	-	-	205,639
	29,607	-	-	29,607
	-	4,727	-	4,727
	38,412	-	-	38,412
	218,739	-	-	218,739
	-	734	-	734
	37,819	-	-	37,819
	-	3,581	-	3,581
	4,472	3,940	-	8,412
	-	6,931	-	6,931
	75,375	-	-	75,375
	-	9,502	-	9,502
	30,597	34,678	17,936	83,211
	-	2,890	-	2,890
	6,538	-	2,208	8,746
	26,623	-	-	26,623
	-	43,458	-	43,458
	110,248	154,758	65,795	330,801
	7,812	-	-	7,812
	69,360	-	-	69,360
	-	7,613	-	7,613
	1,228	-	-	1,228
Total expenses	\$913,477	\$272,812	\$85,939	\$1,272,228

See accompanying summary of accounting policies and notes to financial statements

The Strand Theatre of Shreveport Corporation

Statements of Cash Flows

<i>Years Ended May 31,</i>	2023	2022
Cash Flows from Operating Activities:		
Decrease in net assets	\$ (277,653)	\$ 569,986
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Contributions and investment (earnings) loss restricted for long-term purposes	11,154	12,759
Unrealized loss on short-term investments	47	-
Depreciation expense	220,695	218,739
Amortization of right of use asset	1,327	1,448
Gain on forgiveness of debt	-	(70,442)
Change in operating assets and liabilities:		
Inventories	(6,783)	-
Receivables	(27,156)	-
Prepaid expenses	(10,504)	9,476
Accounts payable	34,100	(11,864)
Accrued expenses	(7,524)	26,978
Deferred revenue	(124,255)	107,405
Net cash provided by operating activities	(186,552)	864,485
Cash Flows from Investing Activities:		
Expenditures for property and equipment	(130,005)	(119,907)
Purchase of investments	(599,623)	-
Net cash provided by (used in) investment activities	(729,628)	(119,907)
Cash Flows from Financing Activities:		
Payments on lease liability	(1,327)	(1,448)
Net cash provided by (used in) financing activities	(1,327)	(1,448)
Net increase (decrease) in cash and restricted cash	(917,507)	743,130
Cash and restricted cash, at beginning of year	1,376,755	633,625
Cash at end of year	\$459,248	\$1,376,755

See accompanying summary of accounting policies and notes to financial statements.

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies

Summary of Accounting Policies

This summary of accounting policies of The Strand Theatre of Shreveport Corporation (the “Strand”) is presented to assist in understanding the Strand’s financial statements. The financial statements and notes are representations of the Strand’s management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

Nature of Business

The Strand Theatre of Shreveport Corporation is a nonprofit corporation organized under the laws of the State of Louisiana. The Strand was incorporated September 17, 1976 and operates primarily to provide live entertainment attractions for Shreveport and the surrounding community and to promote the performing arts.

Substantially all of the Strand’s revenue is from the sale of admissions to Strand sponsored events, fundraising and sponsorships, theatre rentals, and grant income.

Method of Accounting

The Strand uses the accrual basis of accounting. Net assets without donor restrictions, liabilities, revenue and expenses are those items acquired or incurred through the Strand’s normal fund-raising efforts and production activities. Net assets with donor restrictions, liabilities, revenue, and expenses include those items acquired or received through the Strand’s normal fund-raising efforts as well as those items received or incurred pursuant to grants from various agencies, the use of which is governed by restrictions placed thereon by the donors. Net assets with donor restrictions may be used only for the purposes for which the donor or grantor contributed such funds.

Financial Statement Presentation

The Strand has adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The Strand is required to report information regarding its financial position and activities according to two classes of net assets: assets with donor restrictions and assets without donor restrictions. As permitted by the statement, the Strand does not use fund accounting.

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Continued)

Financial Statement Presentation - Continued

Net Assets

Assets without donor restrictions – The part of net assets that are not restricted by donor/grantor-imposed stipulations.

Assets with donor restrictions – The part of net assets that are restricted by donor/grantor-imposed stipulations.

Certain prior year presentations have been changed to conform with current year presentations.

Revenue from Unconditional Contributions

The Strand reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted support on which the restriction expires in the same year received are reported net assets without donor restrictions.

Revenue from Conditional Contributions, Grants, and Non-exchange Contracts

The Strand has adopted ASU 2018-08 – “Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.” The ASU provides guidance on identifying conditions that would preclude the recognition of a contribution as revenue or affect the timing thereof. A condition represents a criterion the Strand must achieve before becoming entitled to the transferred asset.

Cash and other assets received as conditional contributions, grants, and non-exchange contracts are accounted for as refundable advances on the statement of financial position until the condition has been substantially met or explicitly waived by the donor. Revenue is recognized on the date the condition was met as either an increase in net assets without donor restrictions or as an increase in net assets with donor restrictions if a time or purpose restrictions exist beyond the initial condition.

Revenue from Contracts with Customers

The Strand has adopted ASU 2014-09 – “Revenue from Contracts with Customers (Topic 606)” as amended. Under the ASU, entities are required to identify and segment contracts into performance obligations and to account for certain contract costs and revenues as contract assets or contract liabilities.

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Continued)

Performance Obligations

Strand Production Ticket Sales – Revenue from ticket sales to Strand production events is recognized at a point in time directly associated with the performance date in an amount that reflects the consideration the Strand expects to be entitled to in exchange for those sales.

Ticket Processing Fees – Revenue from ticket handling and convenience fees charged at the time of ticket sales is recognized at a point in time directly associated with the performance date in an amount that reflects the consideration the Strand expects to be entitled to in exchange for those sales.

Theatre Rental – Revenue from ticket sales and other facility rental charges for outside production events is recognized at a point in time directly associated with the event in an amount that reflects the consideration the Strand expects to be entitled to in exchange for the services provided.

Sponsorships – Revenue from show season sponsorships may contain elements of both an exchange transaction and a conditional contribution. To the extent the sponsorship contains an exchange transaction, revenue is recognized over time throughout the show season in an amount the Strand expects to be entitled to in exchange for the goods and services provided.

Program Ad Sales – Revenue from program ad sales is recognized over time throughout the show season in an amount the Strand expects to be entitled to in exchange for the goods and services provided.

Concessions and Merchandise Sales – Revenue from concessions and merchandise sales is recognized at a point in time when control of the goods transfers to the customer in an amount that reflects the consideration the Strand expects to be entitled to in exchange for the goods. Typically, control is deemed to transfer at the date customer accepts the goods.

Sales Taxes

The Strand is required to collect local and state sales taxes based on a percentage of qualifying sales. The Strand's policy is to exclude sales taxes from the transaction price of all revenue when collected and from expenses paid. Instead, the Strand records the collection and payment of sales taxes through a liability account.

Shipping and Handling

The Strand treats shipping and handling activities as a part of the underlying promise to transfer goods to customers and to not treat them as a separate performance obligation. Thus, no portion of revenue received from customers is allocated to shipping and handling activities. All shipping and handling costs are classified as fulfillment costs

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Continued)

Contract Assets and Liabilities

The Strand records contract assets and liabilities related to contracts with customers.

Contract assets consist of the Strand's right to payment from customers for goods or services that have been provided to those customers, with the right to collection conditional on something other than the passage of time. Contract assets were \$0 and \$0 for the years ended May 31, 2023 and 2022 respectively.

Contract liabilities consist of the Strand's obligation to transfer goods or services to customers for which the Strand has received consideration from customers, including advance payments received from customers for future goods and services. Contract liabilities were \$138,923 and \$287,778 for the years ended May 31, 2023 and 2022 respectively.

Refund Liability

The Strand records a refund liability in the amount of advanced ticket sales, taxes, and fees for performances that were cancelled. When a performance is cancelled, customers who purchased tickets in advance of the performance may receive a refund, exchange their tickets for an alternative performance, or have their purchase converted into a contribution. The refund liability was \$0 and \$0 for the years ended May 31, 2023 and 2022 respectively.

Refundable Advances

The Strand records refundable advances related to contributions, grants, or non-exchange contracts with donor-imposed conditions where the condition has not been substantially met or explicitly waived. Refundable advances were \$36,000 and \$11,400 for the years ended May 31, 2023 and 2022 respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates in the financial statements are depreciation and amortization of property and equipment and fair value of beneficial interest in net assets of the Strand Building Fund.

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Continued)

Property and Equipment The Strand capitalizes property and equipment with useful lives over three years. Property and equipment are stated at cost, or if donated, at the fair market value at the date of donation. Works of art are capitalized at their fair market value on donation and, pursuant to FASB Accounting Standards Codification 958, *Not-For-Profit Entities*, are not depreciated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred.

In-kind Contribution and Contributed Services The Strand receives donated services from many unpaid volunteers who donate their time and perform a variety of tasks that assist the organization. The value of contributed services meeting the requirements for recognition in the financial statements for 2023 and 2022 was not material and has not been recorded.

Concentrations of Credit Risk The Strand serves a limited geographic area. Due to the nature of its operations, the Strand is dependent upon the local community and the health of the local economy in which it operates.

Functional Expenses The costs of providing program and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting activities benefited. Such allocations are determined by management on an equitable basis.

The expenses that have been allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Payroll taxes and benefits	Time and effort
Salary and wages	Time and effort

Statements of Cash Flows For purposes of the statements of cash flows, the Strand considers all cash in bank accounts and highly liquid debt instruments purchased with original maturities of three months or less, including restricted funds not pledged as collateral or for long-term purposes, to be cash equivalents. The Strand has adopted Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The Strand considers cash and cash equivalents with donor restrictions as restricted cash.

Pension Plan Beginning in 2017, the Strand established a Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA). The Strand's pension costs under the plan for the years ended May 31, 2023 and 2022 were \$10,364 and \$8,026, respectively.

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Continued)

Income Taxes	<p>The Strand is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and exempt from state income tax under appropriate provisions in the laws of the State of Louisiana. The Strand is not a private foundation within the meaning of Section 509(a) and there was no unrelated net business taxable income for the years ended May 31, 2023 and 2022. Accordingly, no provision for income taxes has been made in the financial statements.</p> <p>The Strand has adopted ASC 740, <i>Accounting for Uncertainty in Income Taxes</i>. Management has evaluated the Strand's tax positions and concluded that the Strand has taken no uncertain tax positions that require adjustment to the financial statements in order to comply with the provisions of ASC 740. In addition, Management is not aware of any matters that would cause the Strand to lose its tax-exempt status. The income tax filings for the Strand's years ending in 2021 through 2023 are subject to examination by taxing authorities.</p>
Collective Bargaining Agreement	<p>Certain wages paid by the Strand were covered by a collective bargaining agreement. The agreement sets wage rates for various job classifications along with other terms and conditions. During the year ended May 31, 2023, the collective bargaining agreement was terminated by mutual consent of all parties.</p>
Advertising	<p>The Strand expenses advertising as it is incurred. The Strand expended \$58,024 and \$51,008 in the years ended May 31, 2023 and 2022, respectively, for advertising.</p>
Inventory	<p>Inventories, consisting primarily of beverages and snacks sold for consumption at theatrical events on the premises, are valued at the lower of cost or market. Cost is determined on a first-in, first-out basis.</p>
Reclassification of Prior Year Presentation	<p>Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.</p>

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Concluded)

Investments

The Strand has adopted FASB ASC 958-320, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair values are computed based on quoted market values as provided by the Society's financial advisors. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Investment income, gains and losses are reported net of direct and indirect investment expenses.

Subsequent Events

Management evaluated events subsequent to the Strand's most recent year end through October 30, 2023, the financial statement issuance date.

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements

- 1. Cash** Included in cash as of May 31, 2023 and 2022 are demand deposit accounts totaling \$456,524 and \$1,374,858, respectively.

At May 31, 2023, \$190,895 in collected bank deposits exceeded federal depository insurance limits. Cash includes \$1,000 deposited in an unsecured brokerage account as of the year end May 31, 2023.

- 2. Property and Equipment** Major classes of property and equipment consist of the following:

	2023	2022
Land	\$ 96,000	\$ 96,000
Theatre and improvements	6,405,535	6,294,172
Theatrical equipment	388,703	356,100
Construction in progress	86,310	-
Office furniture and equipment	97,658	83,981
	7,074,206	6,830,253
Less accumulated depreciation and amortization	4,084,074	3,855,831
	\$2,990,132	\$2,974,422

Depreciation expense was \$220,695 and \$218,739 for the years ended May 31, 2023 and 2022, respectively.

- 3. Long-term Debt** Long-term debt comprises the following at May 31, 2023 and 2022

	2023	2022
A 2.75% note payable with an initial face value of \$150,000, due in 330 monthly installments of \$641 beginning December 2022 with one final payment of \$24,439 in June 2050 with each installment first applied to interest accrued beginning June 2020, then applied to principal and interest; collateralized by equipment.	\$150,000	\$150,000
	\$150,000	\$150,000

Continued

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

3. Note payable and Long-term Debt - Continued	Schedule of maturities of long-term debt:	
	2024	\$ -
	2025	-
	2026	2,327
	2027	3,677
	2028	3,780
	Thereafter	140,216
		\$150,000

4. Employee Benefit Plan The Strand uses hourly employees who belong to the International Alliance of Theatrical Stage Employees Union and are covered under the IATSE National Benefit Funds pension plan. Benefits paid to union employees for years ended May 31, 2023 and 2022 were \$1,792 and \$6,795, respectively. This arrangement ended in August 2022.

5. Leases The Strand has adopted FASB ASC 842, *Leases*. Under this Statement, a lessee is required to recognize a lease liability and an intangible lease right-of-use asset (“ROU”).

The Strand has the following lease obligations during the year ended May 31, 2023:

Office equipment with an initial present value of \$7,239, an implicit annual interest rate of 6% included in 60 monthly payments of \$140 beginning April 2018, and with an option to purchase the equipment for \$1 at the end of the lease term. This lease commitment ended April 2023 and the Strand exercised the option to purchase the equipment.

The following schedule summarizes lease information as of:

May 31,	2023	2022
Expenses:		
Operating lease expense	\$ -	\$ -
Finance lease expense		
Amortization of ROU asset	1,327	1,448
Interest on lease liability	212	231
	\$1,539	\$1,679

Continued

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

5. Leases - Continued

Cash paid for amounts included in the measurement of lease and liabilities for finance leases as of:

May 31,	2023	2022
Operating cash flows	\$ 212	\$ 231
Financing cash flows	1,327	1,448
Total cash paid for finance leases	\$1,539	\$1,679

Cash paid for amounts included in the measurement of lease and liabilities for operating leases as of:

May 31,	2023	2022
Operating cash flows	\$ -	\$ -
Total cash paid for operating leases	\$ -	\$ -

The following summarizes ROU assets obtained in exchange for lease liabilities as of:

May 31,	2023	2022
Finance leases	\$ -	\$1,327
Total	\$ -	\$1,327

The following summarizes the weighted average remaining lease term (in years) as of May 31, 2023:

Finance leases	None
Operating leases	None

The following summarizes the weighted average discount rate as of May 31, 2023:

Finance leases	None
Operating leases	None

Continued

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

	Finance	Operating
5. Leases (continued)		
Maturity Analysis		
2024 and thereafter	\$ -	\$ -
Total	-	-
Less: Present value discount	-	-
Lease liability	\$ -	\$ -

The Strand acts as the lessor for office space in its own building beginning August 2022 with minimum monthly revenues of \$1,250 through July 2024 with an option to renew for an additional twelve months. The lease is an operating-type lease and does not convey ownership of the underlying asset, which has a carrying value of \$2,571,162. Office lease revenue for the year ended May 31, 2023 was \$11,875 with an initial lease contract cost of \$1,250. Future minimum lease revenues are \$15,000 and \$2,500 for the years ended May 31, 2024 and 2025, respectively. Management considers all future minimum lease revenues to be fully collectable.

6. Supplemental Cash Flows Information Cash paid for interest was \$4,569 and \$3,581 for the years ended May 31, 2023 and 2022, respectively. There was no cash paid for income taxes in either 2023 or 2022.

7. Disaggregation of Revenue Revenue, disaggregated by timing of transfer of goods and services is summarized as follows:

	2023	2022
Revenue recognized based on goods and services transferred to customers at a point in time:		
Strand production ticket sales	\$382,163	\$321,399
Theatre rental, net of revenue sharing costs of \$726,668 and \$311,762	244,969	150,183
Handling fees	167,034	119,810
Concession sales	131,837	83,512
Total revenue recognized at a point in time	\$926,003	\$674,904
Revenue recognized based on goods and services transferred to customers over time:		
Sponsorships	\$80,224	\$111,850
Program ad sales	1,000	3,012
Total revenues recognized over time	\$81,224	\$114,862

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

8. Related Party Transactions

The Strand’s general insurance agent is a member of the board. The annual premium cost paid to the agency with which this individual is associated was \$97,539 and \$37,819 for the years ended May 31, 2023 and 2022, respectively.

The Strand has deposits in a financial institution whose chief financial officer is also an officer of the Strand. The Strand has investments managed by a financial planning firm whose corporate president is a board member of the Strand.

9. Net Assets

Net assets with donor restrictions are restricted for the following purposes:

May 31,	2023	2022
Portion of building restricted until December 31, 2036 (Note 13)	\$550,000	\$550,000
Net assets whose earnings and capital appreciation may be used for capital improvement (see Note 10)	200,000	200,000
Net assets of Strand Building Fund restricted for capital improvements	39,500	50,654
Total net assets with donor restrictions	\$789,500	\$800,654

10. Endowment Account

In 1998, the Strand entered into an agreement with the Community Foundation of North Louisiana (the “Foundation”), the agreement establishes an Agency Endowment Fund at the Foundation called "The Strand Theatre of Shreveport Corporation Fund" (the “Fund”). All property of the Fund belongs to the Foundation. The Fund will be used for support of the charitable purposes of the Strand. Net income and capital appreciation of the Fund, as governed by the Foundation’s spending policy, will be paid and distributed to the Strand at least annually, for as long as the Strand is a qualified charitable organization.

The fair market value of the Fund on the records of the Foundation at May 31, 2023 and 2022 was \$84,174 and \$89,648, respectively. Income received by the Strand from the Fund used for operations for the years ended May 31, 2023 and 2022 was \$3,436 and \$3,316, respectively.

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

11. Strand Building Fund On April 11, 2016 the Strand entered into a Designated Agency Endowment Fund Agreement with the Community Foundation of North Louisiana (the “Foundation”) to establish the Strand Building Fund (the “Fund”). Under the terms of the agreement, the Strand invested \$100,000 cash from net assets without donor restrictions which was matched by a \$100,000 donation from the Foundation as a perpetually restricted contribution to be deposited into the Fund

Under the terms of the Fund, the Foundation has ownership of the funds while the Strand retains a beneficial interest in the earnings and capital appreciation, which may be withdrawn to pay for repairs, maintenance, and other capital improvements to the Strand’s building in accordance with the Foundation’s spending policy. Distributions from the Fund in excess of earnings and capital appreciation can only be made for special purposes as approved by the Foundation’s board of directors.

The fair market value of the Fund at May 31, 2023 and 2022 was \$239,500 and \$250,654; respectively. The following comprises the net earnings of the Fund reported in the statements of activities:

May 31,	2023	2022
Fund distributions included in grant income	\$ (9,778)	\$ (9,434)
Unrealized gain (loss)	(1,376)	(3,326)
Net increase (decrease) of fund	\$(11,154)	\$(12,760)

12. Work of Art

Work of Art comprises an 18th century Waterford Chandelier.

13. Building Mortgage

On April 9, 2015, as part of the terms of a \$550,000 grant to replace its roof, the Strand executed a first mortgage in favor of the foundation making the grant (the “Grantor”). The mortgage will remain in place through December 31, 2036. As a condition of the grant, the Strand agrees not to mortgage or transfer ownership of the building through December 31, 2036. Should the Strand do so, the entirety of the grant will be repayable to the Grantor.

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

14. Contract Liabilities	May 31,	2023	2022
	Contract liabilities, beginning of year:		
	Ticket sales	\$ 87,093	\$ 95,104
	Theatre rentals	200,685	35,169
		287,778	130,273
	Revenue recognized that was included in contract liabilities at the beginning of the year:		
	Ticket sales	87,093	33,406
	Theatre rental	200,685	9,511
		287,778	42,917
	Net increases (decreases) in contract liabilities due to cash received (refunded) during the year:		
	Ticket sales	-	25,395
	Theatre rental	138,923	175,027
		138,923	200,422
	Contract liabilities, end of year		
	Ticket sales	-	87,093
	Theatre rentals	138,923	200,685
		\$138,923	\$ 287,778
<hr/>			
15. Refundable Advances	May 31,	2023	2022
	Refundable Advances		
	Sponsorships	\$36,000	\$11,400
		\$36,000	\$11,400

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

16. Liquidity and Availability of Financial Resources

The board of directors is responsible for monitoring the liquidity necessary to meet the Strand's operating needs. The board meets periodically throughout the year to evaluate the actual results of operations versus expectations. As a part of the board's liquidity management, it structures financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Strand believes it has sufficient financial assets available for general operations.

The following reflects the Strand's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date. Amounts not available include amounts set aside in the Strand Building Fund that could be drawn upon if the governing board approves that action. However, amounts already appropriated from the Strand Building Fund for general expenditure within one year of the statements of financial position have not been subtracted as unavailable.

Availability of financial assets as of May 31, 2023 and 2022 follows:

	2023	2022
Financial assets at year end	\$1,325,480	1,627,409
Less those unavailable for general expenditure within one year due to contractual or donor-imposed restrictions:		
Investment in the Strand Building Fund held in perpetual trust	(200,000)	(200,000)
Investment in the Strand Building Fund subject to appropriation and satisfaction of donor-imposed restrictions	(39,500)	(50,654)
Financial assets available to meet cash needs for general expenditures within one year	1,085,980	1,376,755

The Strand's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

May 31,	2023	2022
Cash and cash equivalents	\$ 459,248	\$1,376,755
Investments	599,576	-
Grants and other receivables	27,156	-
Total financial assets	\$1,085,980	\$1,376,755

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

17. Governmental Grants

Government grants consist of the following:

May 31,	2023	2022
City of Shreveport through the Shreveport Regional Arts Council	\$29,700	\$ 16,850
Parish of Caddo Louisiana Division of the Arts through the Shreveport Regional Arts Council	20,000	-
US Department of Education through the Shreveport Regional Arts Council	15,205	2,594
US Small Business Administration Shuttered Venue Operators Grant	10,000	-
Paycheck Protection Program	-	622,360
Targeted EIDL Advance Grant	-	70,442
	-	7,000
Total governmental grants	\$74,905	\$719,246

For the year ended May 31, 2022, governmental grants included \$622,360 awarded under the Shuttered Venue Operators Grant (SVOG) program. The SVOG program was established by Section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. Recipients must expend SVOG funds for purposes approved under the grant provisions.

Management believes the Strand has met the requirements for permissible SVOG expenditures and has recorded the grant amount as a conditional governmental grant under the provisions of ASC 958-605. Laws and regulations concerning the SVOG are complex and subject to varying interpretations. Claims made under the SVOG program may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Strand's claim to the SVOG, and it is not possible to determine the impact (if any) this would have upon the Strand.

18. Commitments

During the year ended May 31, 2023, the Strand entered into a facility remodeling contract with an estimated remaining future cost of approximately \$311,800 at year end.

19. Major Vendor Concentration

One vendor, who provides a significant source of contract labor, accounted for 10% of all non-payroll related expenses for the year ended May 31, 2023. There were no significant major vendor concentrations for the year ended May 31, 2022.

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Concluded)

20. Fair Value of Financial Instruments

The Strand has adopted the provisions of FASB ASC 820-10 and subsections. Under FASB ASC 820-10, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC 820-10 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on adjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 – Valuations based on inputs are unobservable and include situations where there is little, if any, market activity of the investment. The inputs into the determination of fair value require significant management judgment or estimation.

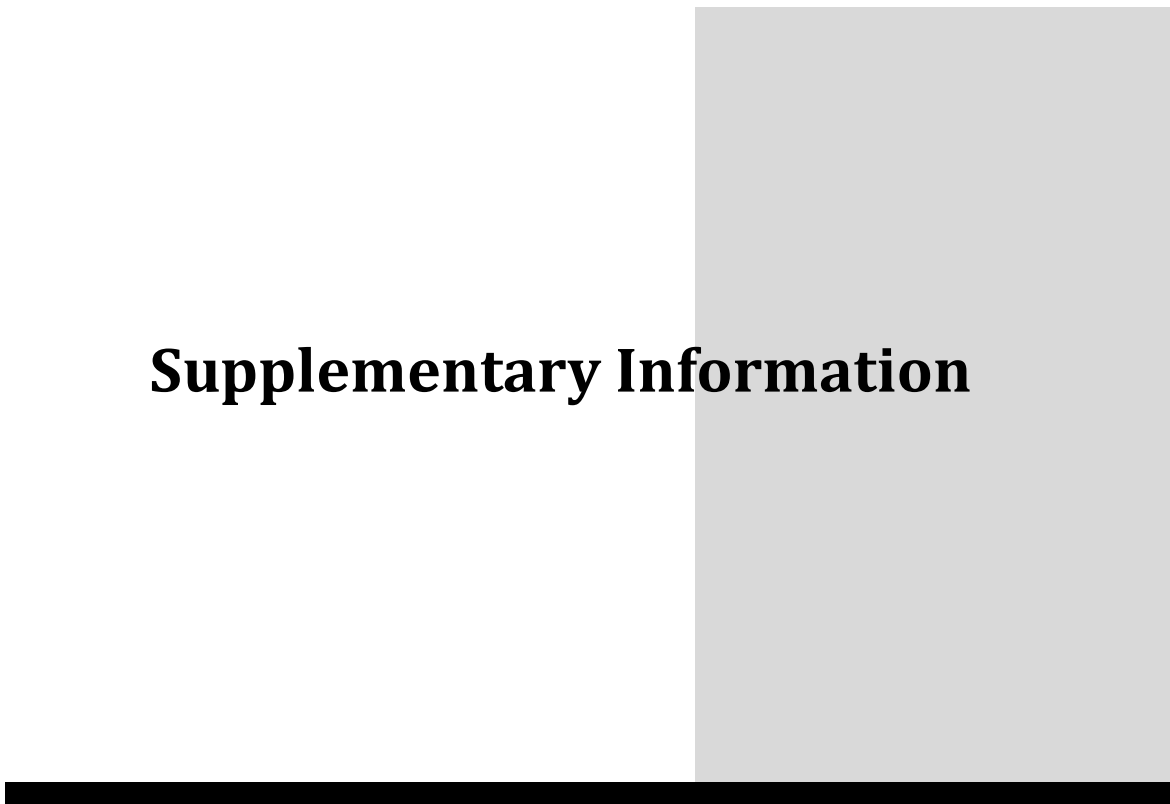
In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Assets measured at fair value on a recurring basis are as follows:

	May 31, 2023			Total
	Level 1	Level 2	Level 3	
Certificates of deposit	\$ -	\$350,623	\$ -	\$350,623
Debt securities	-	248,953	-	248,953
Total	\$ -	\$599,576	\$ -	\$599,576

Certificate of deposits are valued at cost which approximates fair value.

Supplementary Information



The Strand Theatre of Shreveport Corporation

Schedule of Compensation, Benefits and Other Payments to Agency Head

Louisiana Revised Statute 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session of the Louisiana Legislature to clarify that nongovernmental or not-for-profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer from public funds.

Year Ended May 31, 2023

Jenifer Hill, Executive Director

Salary	\$ 103,820
Benefits – insurance	9,512
Benefits – retirement	3,115
Deferred compensation contributions	-
Car allowance	3,500
Vehicle provided by organization	-
Parking	561
Cell phone	600
Dues	-
Vehicle rental	-
Per diem	922
Reimbursements	-
Travel	-
Registration fees	2,225
Conference travel	5,489
Education expenses	-
Housing	-
Unvouchered expenses	-
Special meals	-
	\$129,744

The Strand Theatre of Shreveport Corporation

Summary of Audit Results and Findings

For the Year Ended May 31, 2023

Summary of Audit Results

1. The auditors' report expressed an unqualified opinion on the financial statements of The Strand Theatre of Shreveport Corporation.
2. No significant deficiencies in internal control were disclosed during the examination of the financial statements of The Strand Theatre of Shreveport Corporation.
3. No instances of noncompliance material to the financial statements of The Strand Theatre of Shreveport Corporation were disclosed during the examination.
4. No separate management letter was issued to The Strand Theatre of Shreveport Corporation.

Findings - Financial Statement Audit

None

**The Strand Theatre
of Shreveport Corporation**

Status of Prior Year Findings

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Findings	Corrective Action Taken	Correction Action/Partial Corrective Action Taken
2022-001	2018	Late Filing of Report	Yes	Report timely filed